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AMENDED IN ASSEMBLY MAY 3, 2006

AMENDED IN ASSEMBLY APRIL 19, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 2321

**Introduced by Assembly Member Canciamilla
(Coauthors: Assembly Members Cohn, Koretz, and Lieu)**

February 22, 2006

An act to add Article 7.3 (commencing with Section 12078) to Chapter 2 of Part 2 of Division 3 of Title 2 of the Government Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2321, as amended, Canciamilla. Energy: Governor's Green Action Team.

The California Energy Security and Reliability Act of 2000 established, until January 1, 2004, the Governor's Clean Energy GREEN TEAM.

Executive Order S-20-04 (Green Building Order) ordered certain state entities, and requested certain other state entities, to undertake measures to reduce state building electricity usage consistent with a Green Building Action Plan, and encouraged commercial building owners, cities, counties, and schools to undertake measures to reduce electricity usage. The Green Building Action Plan established an interagency team known as the "Green Action Team" to oversee and direct progress toward the goals of the Green Building Order.

This bill would establish the Governor's Green Action Team, consisting of at least 18 members, as specified, *but no more than 26*

members, with the primary mission of overseeing and directing progress toward reducing electricity purchases for state-owned buildings by 20% by 2015 and to achieve comparable reductions in electricity purchases for other entities of state government, for local government, for schools, and for commercial buildings. The Governor's Green Action Team would be required to develop and implement a 10-year action plan to accomplish certain actions and to coordinate programs in certain areas. The Governor's Green Action Team would be required to annually assess the progress being made each year toward the goals of reducing electricity purchases for state-owned buildings by 20% by 2015 and to achieve comparable reductions in electricity purchases for other entities of state government, for local government, for schools, and for commercial buildings and to make certain recommendations to the Governor and the Legislature.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all the
- 2 following:
- 3 (a) (1) The Energy Action Plan II, adopted by the Public
- 4 Utilities Commission (PUC) and the State Energy Resources
- 5 Conservation and Development Commission (Energy
- 6 Commission), includes a "loading order" that describes the
- 7 priority sequence for actions to address the state's increasing
- 8 electricity needs.
- 9 (2) The loading order identifies energy efficiency and demand
- 10 response measures as the state's preferred means of meeting
- 11 growing electricity needs.
- 12 (3) After cost-effective energy efficiency and demand
- 13 response measures, the state will rely on renewable resources for
- 14 the generation of electricity and distributed electricity generation,
- 15 including combined heat and power applications.
- 16 (4) To the extent efficiency measures, demand response
- 17 measures, renewable resources generation, and distributed
- 18 generation are unable to satisfy the state's increasing electricity
- 19 and generational capacity needs, the state will support clean and
- 20 efficient fossil fuel-fired generation.

1 (5) The loading order places conservation and energy
2 efficiency measures first in the loading order, because these
3 measures are the least expensive and most environmentally
4 protective means to meet growing electricity demand.

5 (b) Commercial buildings use 36 percent of the state's
6 electricity and account for a large portion of the state's emission
7 of greenhouse gases.

8 (c) Investments in energy efficiency measures provide high
9 returns on those investments, and boost the state's economy,
10 creating jobs, local spending, and tax revenue. Investments in
11 energy efficiency measures, by reducing energy and resource
12 consumption, ultimately create a healthier and safer environment.
13 Recent studies have concluded that the key barriers to doing
14 more energy efficiency projects are the resources and time
15 needed to implement often complex energy management systems
16 and programs. Secondary barriers include lack of knowledge
17 about energy issues and technologies, and a lack of
18 understanding about the various programs. While resource and
19 time constraints are obvious considerations in any discussion or
20 effort pertaining to energy efficiency, the lack of knowledge and
21 understanding of programs and technologies are often
22 inadequately considered. Moreover, while time is an obvious
23 barrier, it is often factored *in* only for short-term projects, leaving
24 gaps in plans aiming to achieve long-term goals. These
25 drawbacks hinder the effectiveness of efficiency projects and can
26 even prevent them from being undertaken.

27 (d) (1) In Executive Order S-20-04, the Governor established
28 the Green Building Initiative.

29 (2) Executive Order S-20-04 included an order "[t]hat the state
30 commit to aggressive action to reduce state building electricity
31 usage by retrofitting, building and operating the most energy and
32 resource efficient buildings by taking all cost-effective measures
33 described in the *State of California* Green Building Action Plan
34 for facilities owned, funded or leased by the state and to
35 encourage cities, counties and schools to do the same."

36 (3) Executive Order S-20-04 included the further order "[t]hat
37 state agencies, departments, and other entities under the direct
38 executive authority of the Governor cooperate in taking measures
39 to reduce grid-based energy purchases for state-owned buildings

1 by 20% by 2015, through cost-effective efficiency measures and
2 distributed generation technologies ...”

3 (e) (1) ~~The Governor’s~~ Executive Order S-20-04 urged the
4 PUC to apply its energy efficiency authority to support a
5 campaign to inform building owners and operators about the
6 compelling economic benefits of energy efficiency measures and
7 to improve commercial building efficiency programs to help
8 achieve the 20 percent goal.

9 (2) In response to the Green Building Initiative, the PUC
10 issued a decision setting annual and cumulative goals for energy
11 savings through ~~the year~~ 2013 for the state’s four largest investor
12 owned electrical and gas corporations.

13 (3) This was followed by a subsequent decision in which the
14 PUC approved over \$2 billion in ratepayer funding to support
15 energy efficiency measures for the 2006 to 2008, inclusive,
16 calendar years, an increase of over 60 percent on an annualized
17 basis relative to the 2004–2005 program cycle.

18 (4) Rather than establishing a separate statewide program
19 focused exclusively on commercial and state buildings, the four
20 largest investor-owned utilities are to integrate the Green
21 Building Initiative into their existing energy efficiency plans in a
22 manner that attempts to be responsive to differing customer
23 needs across the various market sectors.

24 (f) (1) ~~The Governor’s~~ Executive Order S-20-04 ordered the
25 Energy Commission to propose a benchmarking methodology
26 and building commissioning guidelines to increase energy
27 efficiency in government and private buildings and to undertake
28 all actions within its authority to increase *energy* efficiency by 20
29 percent by 2015, to collaborate with the building construction
30 industry state licensing boards to ensure building and contractor
31 compliance.

32 (2) In response, the Energy Commission issued a report in
33 September 2005 titled “Benchmarking System for California
34 Commercial Buildings: Plan, Timetable, and Recommendations.”

35 (3) Potentially facilitating this effort, the American Institute of
36 Architects (AIA) Board of Directors recently approved energy
37 efficiency goals calling for a 50 percent reduction in the fossil
38 fuels needed to construct and operate buildings by 2010, and a 70
39 percent reduction by 2015. While it is debatable whether these
40 dramatic AIA reduction goals are attainable, the innovative

1 thinking behind them is critical to efficiency efforts, especially
2 when coupled with the efforts of the Real Estate Industry
3 Leadership Council and others, including universities and
4 nonprofit groups.

5 (g) (1) ~~The Governor's~~ Executive Order S-20-04 requested
6 the California Public ~~Employees~~ *Employees'* Retirement System
7 and State ~~Teachers~~ *Teachers'* Retirement System to target
8 resource efficient buildings for real estate investments and
9 commit clean technology funds to advance sustainable and
10 efficiency technologies.

11 (2) ~~The Governor's~~ Executive Order S-20-04 requested other
12 entities of state government not under the Governor's direct
13 executive authority, including the University of California,
14 California State University, California Community Colleges,
15 constitutional officers, legislative and judicial branches, and the
16 PUC to actively participate in efforts to increase efficiency by 20
17 percent.

18 (h) ~~The Governor's~~ Executive Order S-20-04 was
19 accompanied by the State of California Green Building Action
20 Plan, which contained specific action items to be undertaken to
21 implement the goals of the executive order and appointed a
22 Green Action Team, comprised of cabinet secretaries and chaired
23 by the Secretary of the State and Consumer Services Agency that
24 is responsible for implementation of the Green Building
25 Initiative. The Green Action Team has established three
26 committees, including the Energy Efficiency Committee, to focus
27 on energy efficiency in nonstate commercial buildings.

28 (i) The Energy Efficiency Committee, which includes
29 representatives of investor-owned utilities, publicly owned
30 utilities, business, the real estate industry, and state government,
31 has identified four priorities, including:

32 (1) An overall plan and set of strategies to accomplish goals of
33 Executive Order S-20-04 among commercial buildings.

34 (2) Tools, mechanisms, and implementation plans to carry out
35 widespread benchmarking of the energy use of commercial
36 buildings.

37 (3) Increasing the use of building retro-commissioning that
38 improves the operational efficiency of existing buildings systems
39 separate from making hardware retrofit investments.

1 (4) Crafting an overall campaign to engage building owners in
2 understanding the value of energy efficiency and committing
3 their organizations to achieve these efficiencies.

4 (j) It is the intent of the Legislature to enact legislation to
5 accomplish the goals of the Green Building Initiative and
6 implement the *State of California Green Building Action Plan*.

7 SEC. 2. Article 7.3 (commencing with Section 12078) is
8 added to Chapter 2 of Part 2 of Division 3 of Title 2 of the
9 Government Code, to read:

10
11 Article 7.3. Governor's Green Action Team
12

13 12078. (a) There is hereby established the Governor's Green
14 Action Team, which shall consist of two chairpersons and not
15 more than ~~26~~ members as follows:

16 (1) The President of the Public Utilities Commission as one
17 chairperson *or his or her designee*.

18 (2) The Chair of the State Energy Resources Conservation and
19 Development Commission as one chairperson *or his or her*
20 *designee*.

21 (3) The Director of Finance *or his or her designee*.

22 (4) The Secretary of Business, Transportation and Housing *or*
23 *his or her designee*.

24 (5) The Secretary for Environmental Protection *or his or her*
25 *designee*.

26 (6) The Secretary of the Resources Agency *or his or her*
27 *designee*.

28 (7) The Secretary for Education *or his or her designee*.

29 (8) The Secretary of State and Consumer Services *or his or*
30 *her designee*.

31 (9) Representatives, *appointed by the Governor*, of the
32 commercial real estate industry.

33 (10) Representatives, *appointed by the Governor*, of the
34 commercial building design and construction industry.

35 (11) Representatives, *appointed by the Governor*, of electrical
36 corporations, as defined in Section 218 of the Public Utilities
37 Code.

38 (12) Representatives, *appointed by the Governor*, of gas
39 corporations, as defined in Section 222 of the Public Utilities
40 Code.

1 (13) Representatives, *appointed by the Governor*, of local
2 publicly owned electric utilities, as defined in Section 9604 of the
3 Public Utilities Code.

4 (14) Representatives, *appointed by the Governor*, of
5 professional building energy efficiency service providers.

6 (15) Representatives, *appointed by the Governor*, of
7 environmental organizations.

8 (16) Representatives, *appointed by the Governor*, of local and
9 regional government.

10 (17) The Chair of the Assembly Committee on Utilities and
11 Commerce, or its successor committee, and the Chair of the
12 Senate Committee on Energy, Utilities and Communications, or
13 its successor committee.

14 (b) The primary mission of the Governor's Green Action
15 Team shall be to oversee and guide progress toward reducing
16 electricity purchases for state-owned buildings by 20 percent by
17 2015 and to achieve comparable reductions in electricity
18 purchases for other entities of state government, for local
19 government, for schools, and for commercial buildings, by doing
20 all of the following:

21 (1) Develop and implement a 10 year action plan, with a
22 sustained and strategic commitment to accomplish both of the
23 following:

24 (A) Identify and outline strategies to overcome key barriers to
25 attainment of long-term energy efficiencies, including lack of
26 knowledge, lack of motivation, and access to capital.

27 (B) Identify and take advantage of appropriate commercial
28 building transaction events, including sale, refinancing,
29 employment of new management, renovations, leases, and
30 appraisals of commercial buildings, that lend themselves to
31 assessments of the energy efficiency of existing buildings.

32 (2) Coordinate programs in all of the following areas:

33 (A) Energy efficiency and renewable energy resources
34 programs of electrical corporations, gas corporations, and local
35 publicly owned electric utilities.

36 (B) Building, appliance, and equipment standards and public
37 interest research activities of the State Energy Resources
38 Conservation and Development Commission.

39 (C) Market-based strategies involving commercial real estate,
40 building system suppliers, and other professional stakeholders.

1 (D) Educational and technical training directed at increasing
2 building operator and technician knowledge.

3 (E) Financing mechanisms that better enable investments in
4 energy efficiency.

5 (3) This article does not supersede, nor shall its
6 implementation impair, the administration and oversight of
7 energy efficiency, demand reduction, and conservation programs
8 of the Public Utilities Commission or the State Energy Resources
9 Conservation and Development Commission.

10 (c) The Governor's Green Action Team shall annually assess
11 the progress being made each year toward the goals of reducing
12 electricity purchases for state-owned buildings by 20 percent by
13 2015 and to achieve comparable reductions in electricity
14 purchases for other entities of state government, for local
15 government, for schools, and for commercial buildings.

16 (d) The Governor's Green Action Team shall annually
17 recommend to the Governor and to the Legislature any additional
18 legislation, policies, new programs, modifications to existing
19 programs, or other action necessary to reach the goals of
20 reducing electricity purchases for state-owned buildings by 20
21 percent by 2015 and to achieve comparable reductions in
22 electricity purchases for other entities of state government, for
23 local government, for schools, and for commercial buildings.